

PUBLIC SERVICE COMMISSION OF WISCONSIN

Memorandum

September 5, 2012

FOR COMMISSION AGENDA

TO: The Commission

FROM: Jeffrey Ripp, Assistant Administrator
Bridgot A. Gysbers, Public Utility Auditor
Division of Water, Compliance, and Consumer Affairs

RE: Investigation on the Commission's Own Motion to Revise the Uniform System of Accounts for Municipal Water Utilities 5-US-118

Suggested Minute: The Commission (approved/did not approve) an investigation on its own motion to revise the Uniform System of Accounts for Municipal Water Utilities.

Background

In an order dated January 9, 1959, in docket 2-U-5005, the Commission prescribed the Uniform System of Accounts (USOA) for various classes of municipally-owned water and electric utilities. By supplemental order dated December 5, 1975, in docket 05-US-5005, the Commission approved and adopted a USOA for municipally-owned sewer utilities. The Commission has subsequently revised these USOA's on various dates and with supplemental orders in various dockets. The most recent revision to the USOA for municipal water utilities was made on January 31, 2008, in docket 5-US-118.

Commission staff has identified a need to revise the USOA for municipal water utilities to reflect changes to Wis. Admin. Code ch. PSC 185, which became effective August 1, 2012. The proposed USOA changes would include: (1) establishing revenue accounts that reflect new customer classes, including irrigation and multi-family residential customers; (2) updating certain accounts to assist utilities that implement voluntary water conservation programs; such as

toilet rebate programs; and (3) making minor technical changes to correct errors and omissions identified by staff, including aligning the sewer accounts with the water accounts.

Irrigation and Multi-family Residential

The existing USOA requires municipal water utilities to report sales and revenues for four classes of customers: residential, commercial, industrial, and public authority. The changes to Wis. Admin. Code ch. PSC 185 establishes definitions for these customer classes, as well as definitions for new multi-family residential and irrigation customer classes. Revisions to the USOA are needed to allow utilities to more accurately report revenues and sales for these new customer classes. Currently, utilities are required to combine multi-family residential sales with commercial sales for reporting and accounting purposes. Irrigation sales are reported in the corresponding customer class (e.g., sales to commercial properties with irrigation meters are reported as commercial).

Under staff's proposed changes to the USOA, all utilities will be required to classify their multi-family residential and irrigation customers and report sales and revenues to these classes separately. This revision will assist with establishing class-based rates for utilities that wish to do so as part of their water conservation efforts. However, the changes to the USOA are for accounting purposes only. Utilities that do not wish to establish class rates will not be required to do so. Similar to existing requirements, a utility may continue to have a single rate design for all customer classes, even though sales to each class are reported separately.

Voluntary Conservation Programs

Staff has also identified a need to make minor revisions to certain expense accounts related to water conservation and efficiency programs. These changes will assist utilities that voluntarily implement water conservation programs, such as toilet rebate programs, to properly

record expenses, including deferred expenses. These changes will be consistent with the USOA for municipal electric utilities and provide a standardized way of tracking both water and energy efficiency expenses.

Proposed Implementation Schedule

Staff believes that municipal water utilities will require one year to identify and properly classify their multi-family and irrigation customers. As a result, the Commission may wish to grant a one year phase-in for these changes. If the Commission authorizes this investigation and issues a final decision no later than December 31, 2012, then some water utilities could begin implementing these changes on January 1, 2013. Others who need more time could begin implementing the changes on January 1, 2014. Staff has developed a proposed implementation schedule, which, of course, is subject to the Commission’s decisions in this matter.

September 19, 2012	Commission opens a docket to revise the USOA for municipal water utilities.
September 30, 2012	Commission staff shares proposed revisions to USOA and Utility Reference Manual with water industry for comment.
October 19, 2012	Industry comments are due.
November 2012	Commission reviews comments and issues Final Decision/Order.
January 2013	Utilities begin classifying customers and tracking sales and revenue for irrigation and multi-family classes.
April 1, 2013	PSC Annual Reports are due for the 2012 reporting year. These reports will not include irrigation and multi-family sales because utilities would follow the USOA that became effective January 1, 2008.
August 2013	Commission staff updates the PSC Annual Reports and WEGSARS (Water Electric Gas Sewer Annual Report System) software to allow utilities to report sales and revenues for irrigation and multi-family residential classes for the 2013 reporting year.
September 2013	Water rate application template is revised to include irrigation and multi-family residential classes for applications filed beginning with 2014 test year. Utilities may request class rates or keep their current (single) rate structure.
January 2014	Updated WEGSARS software is made available to utilities for annual reporting.

April 1, 2014	PSC Annual Reports are due for period ended December 31, 2013. Some utilities will begin reporting irrigation and multi-family residential class revenues.
April 1, 2015	PSC Annual Reports are due for period ended December 31, 2014. All utilities will be required to report multi-family residential and irrigation sales for the 2014 calendar year.

Alternatives

1. Approve staff's request to open a docket to revise the USOA for municipal water utilities.
2. Deny staff's request.

BAG:pc:00586532 05-US-118 Memorandum.docx